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November 10, 1993

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Mr. William Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, DC 20554

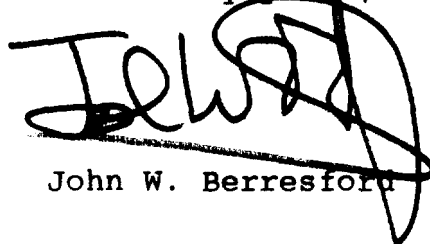
Re: PP Docket No. 93-253

Dear Mr. Caton:

Enclosed for filing with the Commission and delivery to each Commissioner are one (1) original and nine (9) copies of the Comments of Windsong Communications, Inc., in the above-cited proceeding.

Kindly stamp the copy of this letter and the extra enclosed copy of our Comments to show that timely filing was made.

Sincerely yours,


John W. Berresford

Enclosure

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the

FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

In the Matter of

Implementation of Section 309(j))
of the Communications Act)
Competitive Bidding)

PP Docket No. 93-253

COMMENTS OF WINDSONG COMMUNICATIONS, INC.

Windsong Communications, Inc. ("WCI") respectfully submits the following Comments in response to the Commission's Notice of Proposed Rule Making in the above-cited proceeding ("the Notice"), released October 12, 1993.

WINDSONG COMMUNICATIONS, INC.

WCI is a women-owned business that was created to participate in Personal Communications Service ("PCS"). Most of our Comments are directed specifically at aspects of the Commission's design for PCS licenses that will be available only to women-owned entities and other traditionally disadvantaged enterprises (in the Commission's phrase, "designated entities").

GENERAL COMMENTS

WCI enthusiastically supports the Commission's decision to create PCS. The phenomenal success of cellular service shows that the American business community, and large segments of the general public, have both a need for mobile communications and a willingness to pay for it. The recent ascendancy of cellular portables, facsimile transmissions, and data applications proves

the need for more spectrum and -- equally important -- for regulatory flexibility to allow more narrowly focused mobile applications. PCS in general, and many specific aspects of the Commission's proposal for it, show that the Commission has recognized these national trends.

The Commission's proposal for a set-aside of Blocks C and D in the PCS allocation for auction only to Designated Entities (Notice, ¶¶ 4, 121) will facilitate the entry of women-owned businesses into telecommunications. There can be no doubt of the need for such a set-aside. Women have traditionally been, and are today, absent from ownership in non-broadcast communications. One of WCI's officers has been involved in non-broadcast communications (and in cellular telecommunications in particular) since the mid-1976. Another of WCI's principals has been involved in women-owned businesses and women-related legal activities since 1975. Neither is aware of a single women-owned non-broadcast communications business in the United States today.

More broadly, the existence of discrimination against women in the markets for venture capital is well documented. The articles and excerpts from Congressional hearings attached to these Comments describe only a few of the studies, surveys, and formal adjudications finding that such discrimination exists today as it has in the past. The Commission recognizes that access to the capital markets will be a sine qua non of PCS.¹

¹ Notice, n.51 at 24.

Remedies for these historic and continuing inequalities are, beyond doubt, within the power of Congress in enacting Sections 309(j)(2)(B), (j)(3)(B), and (j)(4)(C and D) of the Communications Act. Nor can it be doubted that assigning a modest block of the total PCS spectrum for bid only by entities owned by women (and other Designated Entities), and making special financial provisions for such entities, are rational and efficient ways to achieve the objectives of Congress in enacting the aforementioned Sections of the Act.

SPECIFIC PROPOSALS

Eligibility Criteria. WCI considers it necessary, as a threshold for qualification for bidding for Blocks C and D, that no less than 50.1% be owned by members of the disadvantaged groups specified by the Commission.² The theoretical possibility exists for control to be exercised with lesser shares, but the Commission would be wise, and well within its discretion, to avoid the endless litigation of individual cases where disputes arose over whether this or that share of less than 50.1% amounted to control under multiple sets of circumstances. The Commission's experience with such "control" litigations in lottery-based cellular service must be avoided if PCS is to be made available promptly and without major delays and an undue drain on the Commission's resources.

Concerning the determination whether an applicant is, in

² Notice, ¶¶ 77-78. We agree with the Commission that PCS fits the statutory definition of a service for which auctions may be used. Id., ¶ 116.

fact, a women-owned business, the need is for a process of certification that excludes token or sham enterprises while achieving the Commission's goals of simplicity, ease of administration, and minimal costs to applicants and the Commission.³ These goals can be achieved by self-certification in the Commission's short-form application and, in the long-form application, a certified copy of pertinent pages from the applicant's share register or constitutional documents. The Commission should also accept certifications of women- or other minority-ownership by other governmental bodies.⁴

Financial Arrangements. WCI also supports the Commission's proposal to allow "special payment schedules" by women-owned enterprises.⁵ Because, as a practical matter, women often lack access to the capital required of PCS licensees on as advantageous terms as are routinely extended to more traditional entities, it is prudent to permit them to pay auction prices in installment payments, with interest at one point over the Prime

³ Notice, ¶¶ 18, 78.

⁴ The principal of WCI is the senior partner in one of the largest women-owned law firms in the United States, Metzger, Hollis, Gordon & Mortimer. Metzger Hollis has qualified as a women- or minority-owned enterprise with several federal regulatory agencies (the Resolution Trust Corporation and the Federal Deposit Insurance Corporation), in several states (Illinois, New Jersey, New York and Texas) and before the San Francisco Public Utility Commission.

⁵ Notice, ¶ 4, n.20 at 12, and ¶¶ 68-71.

Rate.⁶ Payments should be monthly and spread out over a maximum of five years.⁷ We agree with the Commission that calculating and collecting "royalties," such as are used in the oil and gas business (in which WCI's principal is experienced), would be unduly burdensome to both licensees and the Commission.

We also support the recommendation of the Commission's Small Business Advisory Council ("SBAC") that Designated Entities be allowed to self-certify their financial qualifications by submitting to the Commission an investment banker's "highly confident" letter combined with disclosures of the applicant's internal funds and bank commitments.⁸

Safeguards. WCI does not believe that complex and detailed provisions against trafficking and warehousing of PCS licenses is necessary.⁹ Rules such as the Commission has proposed, requiring a PCS licensee to serve certain percentages of its territory within certain numbers of years after grant, should suffice to ensure prompt service to the public. As to restrictions on the sale of licenses and regulation of sale prices, WCI believes

⁶ Id., ¶ 79 & n.57.

⁷ Notice, ¶ 70. We also support the Commission extending such financial arrangements to consortia of bidders that include Designated Entities, but only to the extent of the Designated Entities' ownership interest in each consortium. Thus, a consortium owned 10% by Designated Entities would be able to avail itself of such financial arrangements for 10% of its equity financing. See Id., ¶ 79.

⁸ Notice, n.60 at 26.

⁹ See generally Notice, ¶¶ 82-92.

that a Designated Entity should be permitted to transfer a license to another Designated Entity at any time and for any price; and to any kind of entity for any price three years after issuance of a construction permit. In the latter case, by then the licensee will have begun service to a third of its territory. Significant value will have been created over and above that of the license, and there will be little risk that an arms-length bargain with a transferee will include a windfall to the Designated Entity for the "naked" license.

Technical Innovators. The Commission's SBAC has proposed that bidding preferences (such as, for example, a 10% discount from a winning bid) be afforded to "Technical Innovators,"¹⁰ and WCI agrees. Certainly, the Commission has the authority to encourage technical innovation in service offerings, and to reward applicants that propose them. There is every reason to do so in PCS, a service that will be overlaid on the existing "plain vanilla" cellular mobile service; the Commission should encourage new and more specialized offerings within the context of PCS. The potential difficulty is in defining a "technical innovation." WCI recommends that a 10% discount from a winning bid be afforded to any applicant that includes, as a fundamental part of its service proposal, a technical device or software program that it has patented or copyrighted (or for which it has applied with the

¹⁰ Notice, n.61 at 26-27.

appropriate US government office, or for which it has been licensed by the holder or applicant for the patent or copyright).

WCI intends to propose such devices and programs in its PCS applications. WCI's devices and programs will be targeted at discrete segments of the American business community and will enable them to conduct their basic operations in far more spectrum-efficient and cost-effective ways than are possible now. Such applications of strikingly new technology on PCS spectrum will enable the Commission to realize its goal of promoting cutting edge uses of the electromagnetic spectrum and encouraging the growth of PCS into an integral part of the American Information Age.

Respectfully Submitted,

WINDSONG COMMUNICATIONS, INC.

By 
Sheila Slocum Hollis

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November 10, 1993

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JANUARY 27, 1993, WEDNESDAY

SECTION: IN THE NEWS

LENGTH: 19291 words

HEADLINE: HEARING OF THE SENATE BANKING COMMITTEE

SUBJECT: CONDITION OF THE BANKING AND THRIFT INDUSTRIES

CHAired BY: SENATOR DONALD W. RIEGLE JR. (D-MI)

WITNESS:

CHARLES BOWSHER, COMPTROLLER OF THE CURRENCY

SENATE DIRKSEN BUILDING, ROOM 538, WASHINGTON DC

KEYWORD:

SEN BANKING CMTE

BODY:

SEN. RIEGLE: Let me welcome all those in attendance this morning. We are not able today to meet in the normal Banking Committee room because that room is undergoing a refurbishing effort, and it should be completed shortly, so we are in a smaller room today and we have a capacity crowd. So let me just invite everybody to make the best of the size of the room we have today and to try to find seats, and we'll try to move along and make sure that our witnesses, all who speak, do so in a fashion that -- where they can be heard throughout the room for everyone in attendance.

Let me welcome the members of the committee, and I'm going to make an opening comment with respect to our witnesses this morning, and then I want to briefly touch on agenda items that we'll be dealing with out over the next three or four weeks, generally, just as a sense for what's coming down the track. And then I will call on the other members that are here for brief opening comments, and then we'll go to our witnesses.

This morning the committee is meeting to consider the condition of the banking and the thrift industries and the related condition of the Deposit Insurance system. Now, for the past several years the committee has reviewed these topics semi-annually and is doing so again today.

In prior years, these hearings have offered little good news. We heard about mounting losses, rising numbers of the problem institutions, insolvent insurance funds, and growing taxpayer liability. But today the outlook for America's banking and thrift industries has improved and is brighter now than it has been for many years. Banks and thrifts are enjoying at this time record profits, capital levels are higher than they have been in decades, and they are continuing to improve, and credit quality generally is improving. But there are still significant trouble spots, and we are not yet out of the woods on these issues.

Specifically, the Resolution Trust Corporation remains unfunded, and many failed thrift institutions with mounting losses remain open until they can be officially closed. The RTC has estimated the cost of delaying the closure of these institutions at about \$6 million a day. This committee last year passed funding that was requested for that purpose, but the House was unwilling to act on it. And so that still remains to be done.

Moreover, the Bank Insurance Fund remains empty, and in turn is dependent upon

Federal News Service, JANUARY 27, 1993

I mean I want us to turn these wheels as quickly as we can. And having said that, this is an enormously complex area. I mean that's one of the reasons I think why the prior administration was not able to sort of wrestle it to the ground. I think it's fair to say, and even the colleagues on this side of the aisle were very harsh in their comments, even some of it today, directed at the former Treasury Secretary and so forth. But leaving all that aside, it's very important that we act in this area as promptly as we can. If we don't get eight million jobs over the next four years, this country is going to go right back into a very serious set of difficulties. It's just that simple.

SEN. KERRY: Thank you, Mr. Chairman.

SEN. RIEGLE: Senator Braun -- Moseley Braun.

Let me just say, I'm going to call on you. I'm going to ask, after you comment, if perhaps we can give any remaining questions to Mr. Bowsher in writing so he can respond, so we can call Mr. Reischauer, who has been very patient. Yes.

SEN. MOSELEY BRAUN: Thank you Mr. Chairman, and to Mr. Bowsher as part of the report, and I understand the Chairman talked about regulatory consolidation. I think if there is a single complaint that we hear across the board from all kinds of quarters has to do with the regulatory burden and the seeming nonsensical nature of it. It doesn't make much sense to people.

On the one hand you have the complaints from bankers about the regulatory burden, and then you turn around and the community groups are complaining about the same thing. The private sector, small business are complaining about the same thing, referencing specifically in the conversation, I think Mr. Chairman, we had before the Community Reinvestment Act.

It's almost incomprehensible that you could have what you call reverse redlining, the discrimination against women and minorities in loans, the inability to access lending -- access money in inner city communities, and a Community Reinvestment Act that the bankers hate as well. I mean it just doesn't make much sense. And I think if anything, looking at the issue of regulatory consolidation, that it makes sense -- I would suggest or hope that some setting would not be excluded as an option to look at.

It may be that some of this -- some of the framework just is not doing what it's accomplished -- what it's designed to do. And rather than continuing to tinker with something that is unfixable, it may make sense for us to say let's go back to the drawing boards and take another approach that doesn't depend as much on regulatory modalities, if you use regulatory approaches, to accomplish the end that is set out in the statute.

And so, I guess my only point would be, again, preliminary to your report, if you would take a look at all of the options, fixing it as well as junking it, in terms of addressing this whole issue of regulatory reform, because we absolutely, positively have to do something if we're going to be responsive, and if we're going to begin to open up the flow of credit so we can create jobs in this country.

SEN. RIEGLE: I think I should, for the record, add one other thing. We had a hearing in this committee roughly a week before the last presidential election, on the condition of the banking system. And we called in at that time all the top regulators. And we had scheduled that hearing because there was a concern in the presidential debates as to what was going to happen right after the election. You may remember in the last debate Ross Perot for example, thought there was going to be a very large December Surprise, a number of bank failures. President Bush had his view and now-President Clinton had his view.

So, we called in on that date all the regulators, who sat at a table like this, and asked them, then, what the condition was of the banking system, what the

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Nation's Business
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U.S. Chamber of Commerce 1992

May, 1992

SECTION: Vol. 80 ; No. 5 ; Pg. 65

LENGTH: 2367 words

HEADLINE: Showing their staying power; Women executives includes related articles on franchising, and resource information

BYLINE: Nelton, Sharon

BODY:

Melba J. Duncan turned her years of experience as an executive assistant into a business in 1985 when she launched The Duncan Group. The New York-based firm, which earned \$ 150,000 on revenues of \$ 500,000 last year and has six employees, recruits executive secretaries, administrative assistants, and office administrators and places them with top executives in corporations across the country.

When she worked for someone else, Duncan says, "my livelihood was dependent on how successful that individual was." But when a woman goes into business for herself, she says, "you're in control of your own destiny."

The year before Duncan opened her firm, Carolyn Dickson started Voice-Pro Inc., a Cleveland communications consulting company, in her home. She later moved into commercial office space. She reported 1991 revenues of \$ 400,000 and has three persons working for her.

Like Dickson, Ellen L. Barrosse of Newark, Del., started a business at home - Writers, Inc., a company that provides technical writing and graphics services to corporate clients. Begun in 1986, Writers, Inc., outgrew its home office by 1988. Revenues last year were \$ 1.8 million, and Barrosse now employs 35 people.

It's no accident that these three women started their companies when they did. Duncan, Dickson, and Barrosse are part of the great wave of women who went into business for themselves in the 1980s. From 1982 to 1987, according to the U.S. Census Bureau, the number of women-owned businesses rose 57 percent, to 4.1 million from 2.6 million.

A new report, from the National Foundation for Women Business Owners, says that by 1990, women owned 5.4 million U.S. businesses and provided employment for close to 11 million people

The 1980s generated more women business owners than any other decade in history. But the 1990s are the decade in which women must prove their staying power. And so far, so good. Despite a major recession, women-owned companies are surviving and, in many cases, prospering.

"Last year was a really tough year, and I don't want to go through another year like that again real soon," says Barrosse. Nevertheless, a tough year for her meant growth for Writers, Inc., of 20 percent, compared with 60 percent

Nation's Business, May, 1992

Women receive about 13 percent of the SBA's total guaranteed loans, a figure that has held steady for several years. However, Johnson says there has been "a fairly brisk upturn" in the \$ 50,000-and-under SBA-guaranteed loans granted to women since the small-loan incentive went into effect in 1990. In 1989, before the incentive, women received 594 loans totaling \$ 20.47 million. In 1990, they received 709 loans totaling \$ 23.88 million; in 1991, there were 699 such loans totaling \$ 23.73 million.

Yet lack of access to capital for women business owners continues to be a major finding of studies on women's entrepreneurship and a complaint among women entrepreneurs themselves.

In its 1991 report to the president and Congress, the National Women's Business Council states that "access to capital has been and continues to be the biggest problem women business owners must face. Whether it is due to actual discrimination against women, the hesitancy of banks to make small loans, or simply the lack of information on available resources and how to tap them, the result is the same. Women's businesses start with less funding, are frequently self-funded, and tend to remain underfinanced even after they have been proven viable."

In her book *Our Wildest Dreams: Women Making Money, Having Fun Doing Good* (HarperBusiness, \$ 20), Joline Godfrey notes that one woman raised \$ 75,000 in start-up capital by using 15 credit cards that each had a limit of \$ 5,000. "Odd how banks are willing to give women credit cards now but still find it a leap to give them a business loan," observes Godfrey, the founder and former owner of a game-design company called Odysseum, Inc.

Melba Duncan was fortunate. While she says it took \$ 75,000 to start The Duncan Group, she had two investors - Peter G. Peterson, the former chairman of Lehan Brothers Kuhn Loeb Inc., who had been her boss for many years, and Russell Reynolds Jr., a well-known New York executive recruiter.

But Ellen Barrosse of Writers, Inc., describes the difficulty she had getting a bank loan when she needed to finance the rapid growth she was experiencing by the end of her first year in business. "I think that when [the bank] looked at us, they saw a woman working out of her home with a bunch of other women working for her," she says. "Even though our receivables were top-notch, they just felt better having my husband co-sign that loan."

Obtaining capital for growth may actually be a bigger problem than obtaining start-up capital. The NFWBO report says that women-owned businesses "are somewhat more likely to be stable and a little less likely to demonstrate high growth" than other companies. But author Joline Godfrey writes that "women are placed in an impossible bind. They must prove themselves in the marketplace before being deemed worthy of capital but must prove themselves without the capital needed to show aggressive growth."

An area where there is virtually no sign of progress is federal procurement. Women currently received only about 1.2 percent of federal prime contracts, up from only 1.1 percent in 1990. Clearly an SBA goal to increase that participation to 5 percent by next year will not be met. However, the federal government is beginning to collect data on women's participation in subcontracting, and initial figures are expected to be available this year.

Nation's Business, May, 1992

the year before. Sales have doubled nearly every year she has been in business.

Voice-Pro's Carolyn Dickson says business has been down during the recession but "looks to be rebounding." And while Melba Duncan says her company has grown "slowly and methodically," she expects 50 percent growth this year to revenues of \$ 750,000.

"Anecdotaly, I hear that even though it's tough, women [business owners] are doing just fine," says Lindsey L. Johnson, head of the U.S. Small Business Administration's Office of Women's Business Ownership. Women entrepreneurs, she says, "started undercapitalized, they started on a shoestring, and so weathering a recession just means tightening the belt one more notch."

The surge in growth of women entrepreneurs in the past decade led to the enactment of the Women's Business Ownership Act of 1988. The legislation:

- * Set aside a total of \$ 10 million for three years for grants for the creation of demonstration projects to provide counseling and training for women business owners and would-be owners; the program is administered by the SBA's Office of Women's Business Ownership.

- * Established a National Women's Business Council to submit annual policy recommendations to the White House and Congress for supporting women-owned businesses;

- * Called for more-complete data collection on women's business ownership by federal agencies; and

- * Created an incentive to encourage banks to make more small, SBA-guaranteed loans. The incentive applies to loans of up to \$ 50,000 and permits lenders to keep half of the 2 percent fee they normally pay to SBA to guarantee a loan. It also lifts the cap on interest rates on these loans; normally, interest on SBA-guaranteed loans is limited to 2 points over the prime rate.

Although this provision did not specify the sex of loan recipients, the rationale behind it was that women would benefit because they tend to seek smaller loans for their businesses.

Has the Women's Business Ownership Act made an impact?

"As far as we're concerned, absolutely," says Hedy M. Ratner, co-founder and co-director of the Women's Business Development Center in Chicago. One of the largest and most successful women's business assistance centers in the U.S., WBDC has helped create more than 360 women-owned businesses and has helped more than 1,000 others expand since its founding six years ago. WBDC has received \$ 850,000 since 1989 under the Women's Business Ownership Act and has raised an additional \$ 850,000 in private matching funds to replicate its programs in Indianapolis, three northern Illinois cities, and six Ohio cities. The programs are in operation in all but one city, which is still in the planning stage.

Other successful programs, such as the American Woman's Economic Development Corp., in New York City, have also received funding under the act to establish demonstration projects in other cities. A report assessing the demonstration program is due out soon.

Nation's Business, May, 1992

The lack of data women's business ownership continues to be a sore point. The National Association of Women Business Owners and others contend that women-owned businesses are undercounted. The most reliable data have come from the U.S. Census Bureau's Economic Censuses, but these do not include regular C corporations. Furthermore, the Economic Censuses are conducted only every five years, and it takes an additional three years before the figures are analyzed and released.

The NFWBO study, released in March, is an effort to fill the gap. NFWBO, the Washington-based research and education arm of the National Association of Women Business Owners, has joined forces with the well-known economic researcher David L. Birch of Cognetics, Inc., in Cambridge, Mass., to create a database of more than 673,000 women-owned businesses. They say their data includes 11,000 C corporations not previously counted in federal government surveys.

Titled Women-Owned Businesses: The New Economic Force, the NFWBO report offers some new perspectives. It predicts that this year, women-owned firms will surpass the Fortune 500 firms in providing jobs. According to the study, Fortune 500 firms provided 12.3 million jobs in 1990 and are losing jobs at a rate of 200,000 to 300,000 a year.

While it is frequently said that women are concentrated in the service and retail industries, NFWBO points out this is true of all businesses, not just women's businesses. The fact that 91 percent of women-owned businesses have less than \$ 1 million in annual revenues mirrors the fact that nearly 86 percent of all businesses bring in less than \$ 1 million annually. Most women-owned firms - like most other businesses - have fewer than 20 employees.

Furthermore, the report contends, women are in business "for the long haul." While women-owned firms tend to be younger than other businesses, more than 40 percent of the companies in the NFWBO/Cognetics database have been in business for 12 years or more.

"It is imperative that the financial and government communities understand both the tremendous present economic contributions and future potential of women-owned businesses," says Gillian Rudd, NFWBO chair. "This research provides the basis for the policies which will ensure that our national economy receives full benefit from these enterprises."

Women entrepreneurs themselves are seeing positive changes. Carolyn Dickson of Voice-Pro says there is less of a stigma attached to women operating businesses out of their homes. "Where they work is of no consequence as long as they can provide the service," she says.

Hedy Ratner at Chicago's Women's Business Development Center says women tend to be more successful than men in starting businesses. Women take classes and attend workshops, and they are often "risk-averse," she explains.

"They are more likely to keep their expenses down and not need all the perks that men need as they go into business," she says. "They often start their businesses out of their home. Their operating costs are much less. They do much of the work themselves because they're capable of doing it, giving them an opportunity to hang in longer in an economy like today's."

Nation's Business, May, 1992

They also show extraordinary tenacity. Pauline Burke, a WBDC client who designs and restyles old furs into new garments, expanded by opening a 10,000-square-foot retail salon on Chicago's Michigan Avenue 4 1/2 years ago, boosting her revenues to \$ 550,000 a year from \$ 375,000. But two years ago, fur protesters were in high gear, and the economy began to slide. So did Burke's business.

Burke had to close her retail salon to cut her losses. She has since re-opened a small retail space that, with her re-design business, brings in revenues of about \$ 150,000. But she thinks she'll be up to \$ 500,000 in five years. "I see nothing but great growth in front of us," she says.

Even women who would rather stay small see growth as a necessity. Ellen Barrosse says she would have been satisfied to stop at six to 10 employees. But, she says, "there's no way for me to keep some of the dynamic people I have if I don't continue to grow the company to provide opportunities."

When women business owners talk about the future, they acknowledge the need to be more active politically so they can make a greater impact on public policy and can take greater advantage of opportunities. For example, Barrosse regrets not having gone to bat for her company when the Delaware Legislature made tax incentives and funding available to small businesses for the training of workers laid off by large corporations.

"It so happens that the kinds of businesses that received the most benefit from these kinds of funds are businesses that are classically owned and staffed by men," she says. She doesn't think the state intentionally left women business owners out, but women like herself didn't press for the funds.

Women in the 1970s and especially the 1980s learned in growing numbers how to start businesses. Now, in the 1990s, they are positioning themselves for the next century, learning how to grow their businesses and how to make their presence felt. As Jolie Godfrey puts it: "It is time women entrepreneurs understood the mass they represent."

GRAPHIC: ;Photograph AZMore women became business owners in the 1980s than in any other decade. The Small Business Administration is making more loans to women, but some business owners feel banks are practicing discrimination in lending.

SUBJECT:

United States. Small Business Administration, Finance ; Women executives, Economic aspects ; Businesswomen, Economic aspects

LOAD-DATE-MDC: June 17, 1992

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October 8, 1990, Monday, Final Edition

SECTION: FINANCIAL; PAGE F10

LENGTH: 818 words

HEADLINE: Businesses Owned by Women Are on Fast-Track for Growth;
Census Shows a 57% Rise in Five Years

SERIES: Occasional

BYLINE: Jennifer Caspar, Washington Post Staff Writer

BODY:

Gloria Bohan got interested in the travel industry on the first anniversary of her wedding. While on a cruise ship, the same one she and her husband had taken on their honeymoon, she noticed the service wasn't as spectacular as it had been the year before.

"As a bride, they treated me really well," she said.

Inquiring about the policies, she got to know a few travel specialists and became interested in opening an agency of her own.

That was 18 years ago. Bohan turned her dream into Omega World Travel Inc., thanks in part to some money she had saved and a small loan from her father.

"I was never thinking it would be that big a move for me," said Bohan, a school teacher at the time of her decision. "I was just fascinated by the business and the opportunities it offered, to be creative, to learn a lot."

While money was not her primary reason for going into business, today Omega Travel boasts revenue of \$ 250 million annually, the highest of any woman-owned business in the Washington area, according to surveys of area businesses.

Bohan's success is being replayed in different versions all over the country. The number of women-owned firms grew by 57 percent from 1982 to 1987, according to Census Department figures released last week. And while Omega Travel's revenue and its 500-person payroll make it larger than most women-owned companies -- 85 percent are sole proprietorships with no employees -- it is a service company, the largest industry group for women business owners.

Like Bohan, many women start companies for reasons other than money.

"I get very consistent messages from around the country," said Lindsay Johnson, the director of the Office of Women's Business Ownership at the Small Business Administration. Johnson sees women going into business in pursuit of greater independence, flexibility and the chance to make a difference.

"What spurred [many women] into business was the whole idea that, by owning their own business, they had a certain level of control over their lives more than they had before," Johnson said. "That always gives me a giggle because

The Washington Post, October 8, 1990

the last thing in the world a small business provides you with is flexibility. You can't plan anything else."

Ilene Morris, president of the local chapter of the National Association of Women Business Owners (NAWBO), said she started her financial analyst firm to create a work environment and a business ethic that met her personal standards.

"I never wanted to start my own company," she said. But she found her employer's "values were not something I could live with," she said. "I was looking for an atmosphere that I couldn't find anywhere else. The philosophy at the firm I was at before was: How can I make money for myself and then I'll worry about the clients later."

Whatever their motivations, the numbers show that women are finding ways to become business owners. In Washington, they're doing it faster than in other places. The Census Department ranked the Washington area fourth in the nation in the number of women-owned businesses. Traditionally, women have had an easier time starting businesses here because the federal government buys so many services. In addition, women get help from federal programs established to help women and minority-owned firms.

Once in business though, many women are not necessarily having an easy time there. Despite efforts by the financial industry to eliminate lending discrimination against women, problems still exist, Johnson said.

"The most important thing is that the numbers still reflect problems of access to credit," Johnson said.

The SBA identified women-owned businesses as the fastest growing sector of the economy and set up the office Johnson heads to help women find access to loans, information and networks.

And Morris said that, through organizations such as NAWBO and the Network of Entrepreneurial Women, women in business are learning how to use each other as resources -- both for help over hurdles and for business referrals.

Morris predicted the number of women-owned firms will grow even faster in the coming decade -- even if a recession is in store.

"We're going to see a large percentage increase because we're in a recession and all the companies are laying off," Morris said. "So women are going to be starting businesses as a way to go on."

But a tough economy will make keeping these businesses going all the more difficult.

The small consulting, advertising and public relations firms that make up the bulk of women-owned firms will be among the first companies to feel the pinch as their customers move to cut their own expenses. And service companies, especially in Washington's competitive market, have narrow profit margins anyway.

But Morris isn't worried: "While things were good we didn't have access," she said. "So now things are bad and we're used to doing things on our own anyway."

The Washington Post, October 8, 1990

GRAPHIC: PHOTO, ILENE MORRIS, LOCAL CHAPTER PRESIDENT OF THE NATIONAL ASSOCIATION OF WOMEN BUSINESS OWNERS, OWNS A FINANCIAL CONSULTING FIRM. WILFREDO LEE FOR TWP

LANGUAGE: ENGLISH

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June 14, 1980, Saturday, Final Edition

SECTION: Real Estate; E1

LENGTH: 1472 words

HEADLINE: Opening Up Housing Opportunities;
Minorities, Single Men are Facing Discrimination in Housing;
Minority Applicants, Single Men Facing Discrimination by Lenders

BYLINE: By Nancy L. Ross, Washington Post Staff Writer

BODY:

Although women have generally found it easier to obtain mortgage loans since passage of the equal credit laws in the mid-1970s, lenders continued to discriminate against racial and ethnic minorities, a recent study for the Department of Housing and Urban Development shows.

The survey of lending patterns in the nation's two most populous states -- New York and California -- revealed that in at least half the areas surveyed, black applicants were denied credit much more often than whites. And in California, the report said, Hispanics were "consistently discriminated against" by state creditors.

The report, prepared for HUD by the Joint Center for Urban Studies of Massachusetts Institute of Technology and Harvard University, backs up the views of supporters of the proposed Fair Housing Act. The bill, which would toughen enforcement of existing housing law, was passed by the House Thursday.

Current law prohibits housing discrimination based on race, color, sex, national origin or religion. The new law would extend the protection to the handicapped.

But more important to those denied housing credit, the law would ban certain real estate practices such as redlining, used by some creditors to deny loans to potential home buyers in inner-city areas.

To enforce the new law, HUD would be allowed either to file housing discrimination complaints with an administrative law judge or to refer cases to the Justice Department for possible prosecution in the courts.

The immediate impact the new enforcement powers would have is unclear, however. Since the 1974 Equal Credit Opportunity Act banned discrimination on the basis of race, sex, marital status or location of property went into effect, the Justice Department has brought less than 100 suits for alleged violations.

Practices considered discriminatory under the 1974 Equal Credit Opportunity Act and the Fair Housing Act include denial of an application, charging about-average interest, giving a smaller loan than originally sought, variations in loan fees and underappraising the property.

The Washington Post, June 14, 1980

HUD initiated its recent housing market study in New York and California to see if the laws were working. Among the findings:

Blacks in many areas of the two states were discriminated against significantly more than whites.

California Hispanics were consistently discriminated against, but Hispanics in New York generally were treated the same as whites.

Male-only households in New York were more than twice as likely to be denied mortgages as a male-female household. In California, males were found to pay higher interest rates and loan fees.

While women were not victims of lender discrimination, "a few study areas showed higher chances of application denial or downward modification for female-only applicants," the report noted. "The underappraisal of properties was the practice most often encountered by females. There was little evidence suggesting that lenders discount a wife's income."

The study was done in connection with a 1977 HUD program designed to "help remove the barriers that impede the full participation of women in the mortgage and homeownership market."

In the Washington area, the barriers seem to have fallen quickly: The number of single, female homeowners living alone jumped by 70 percent between 1970 and 1977, according to the Census bureau. A 45 percent increase in the number of two-or-more-person households headed by women was also noted.

Another part of the HUD program aimed particularly at "displaced homemakers," is a series of workshops being held around the country to educate women about their basic credit rights. Feminist groups such as the Women's Legal Defense Fund, the National Organization for Women and the League of Women Voters concur with the Justice Department and the Federal Trade Commission that since passage of the equal credit laws, there no longer are many cases of overt discrimination against woman in mortgage credit resulting in lawsuits and damages.

Women's groups maintain that, despite the laws, there still are a number of instances of subtle discrimination against female loan applicants. Most of these are settled satisfactorily, said attorney Janice Siegel of the Women's Legal Defense Fund, when reluctant lenders are "reminded" of women's credit rights.

Like the feminist groups and the regulators, HUD seems willing to admit that its survey may not have picked up subtle discrimination. "It is important to remember," the report stated, "the limitations of this study. Not reflected in the data, for example, are the number of prospective purchasers who may have been discouraged from even applying for a loan."

For instance, Shirley L. Birkhimer, a 43-year-old legal secretary separated from her husband, was raising her three teen-age children with the help of alimony and child support when she tried to buy a condominium in Fairlington Village five years ago.

Birkhimer subsequently charged in a lawsuit that she was turned down after the sales agent refused to count the support payments as part of her income,

The Washington Post, June 14, 1980

despite the fact that she had been receiving them regularly for five years. The suit was filed against the Fairlington developer, CBI Fairmac Corp., and the lender, Royal Oak Mortgage Co.

With the support included, Birkhimer had an annual income of \$18,000 and qualified for a \$45,900 loan. Without it, she didn't.

After being refused the loan, she bought a condominium in Falls Church for \$53,000, and brought suit against Fairlington to recover the difference in price between the two condos plus damages. The case was settled out of court and \$5,000 was awarded to Birkhimer.

Between five and 10 of the suits brought by Justice involved mortgage credit, and a few of them, such as the one involving Birkhimer, dealt with sex or marital status, according to Walter Gorman of the department. An attorney general's report to Congress mentions a similar number of private lawsuits.

In one suit, United States vs. Citizens Mortgage Company, a Virginia development was charged in 1978 with discrimination on the basis of sex and marital status. A similar suit was filed in Kentucky against Citizens Bank and Trust Co. In both cases the lenders consented not to violate the law again.

In Markham vs. Colonial Mortgage Service Co. Associates, an Illinois savings and loan was charged with discriminating on the basis of marital status when it refused to consider the incomes of two unmarried joint applications, but regularly did so for similarly situated married applicants.

A case of alleged discrimination in this area involved Marilyn Seiber, 35, of McLean. At the time she tried to buy a condo in Arlington in 1978, she was making \$28,900 a year -- and had a doctorate in economics, 12 years of government service and no debts or dependents.

Seiber said she was told by the Continental Illinois National Bank of Chicago that because her utilities and condo maintenance charges -- added to the mortgage, taxes and insurance payments -- came to 34 percent of her income, she would need a co-signer on the loan. Seiber contends that the condo fees and utilities should not have been included, in which case her debt to income ration would have been only 27 to 28 percent.

Her father co-signed the loan. Only later did she learn her father was listed on the deed as co-owner, meaning that she could not sell the apartment without his signature. When she asked the bank to change the deed, the bank replied it was policy to require a co-signer if the debt ration is over 25 percent.

Seiber has taken her case to federal financial regulators to ask them to ascertain whether Continental requires everyone with a debt ration over 25 percent to have a co-signer and whether the bank requires every co-signer to be listed as co-owner.

Another gap in the HUD study was alleged by Zina Green, a fair housing consultant and a former employe of the Office of the Comptroller of the Currency. She contended the report was faulty because it does not compare three crucial underwriting criteria: the ratio of loan to value, the ratio of monthly payment to income and the ratio of total monthly debt service to income.

The Washington Post, June 14, 1980

Had the authors looked at these ratios for loan applicants of both sexes with the same incomes, they would have uncovered some discrimination against women, ~~Greene~~ maintained.

For example, she said, men tend to have higher debt service ratios -- such as expensive sports car payments.

So if male experience in getting a mortgage loan is only compared to typical women on the basis of income and found to be equal, that in reality is a form of discrimination -- because women have a lower debt ration and are theoretically more creditworthy, she said.

GRAPHIC: Illustration, no caption, By David Seavey for The Washington Post

LANGUAGE: ENGLISH

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Information Bank Abstracts

ABSTRACT: NYS Supt of Banks H W Albright Jr sends lr to all state-chartered lending insts warning them against discriminating against women in granting loans; lr lists as violations of state's human rights laws imposing on women mortgage applicants terms or conditions not imposed on male applicants, refusing to consider or discounting to unwarranted extent income of working wife of childbearing age, or sources of income received by divorced or widowed woman, such as alimony or Social Security; indicates that similar types of discrimination against women in other credit areas besides mortgage lending are 'equally abhorrent' and comprehensive legis proposal dealing with sex discrimination in all areas is in preparation; proposes as guide to bankers in making loans that they consider as discriminatory any assumptions of differences in credit-worthiness between men and women, or among married, single, widowed or divorced individuals; state banking dept plans to include spot checks of mortgage applications as part of its regular bank examination procedure to see if 'lr and spirit' of law are being followed

SUBJECT: CONSUMER CREDIT; CREDIT (GENERAL); DISCRIMINATION; HOUSING; MORTGAGES; WOMEN;

NAME: ALBRIGHT, HARRY W JR; ALLAN, JOHN H;

GEOGRAPHIC: NEW YORK STATE;

11TH STORY of Level 1 printed in FULL format.

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Information Bank Abstracts

ABSTRACT: Article says discrimination against women by mortgage-lending orgns is beginning to change; NOW (Natl Orgn for Women) currently has 100 complaints at NY chapter charging sex discrimination by banks and other lending institutions; some contend that wife's income is discounted in determining eligibility for maximum mortgage loans; single women allege that they are refused loans for which they are financially qualified because they do not have male cosigners; women, who command large part of labor force, are now demanding fair share of credit market; breakthrough came in Feb when Fed Natl Mortgage Assn published guidelines for conventional mortgages that said full value of wife's earnings should be added to husband's income to provide 'total effective income'; J Murray, sr vp and gen counsel of FNMA says new guidelines will have 'tremendous effect' on policies of lending institutions that sell mortgages to assn and must meet assn's guidelines; discrimination against women is also evident in suburbs and black women face double discrimination; Westchester Civil Liberties Union and White Plains Human Rights Comm are gathering evidence for hearing on women's rights to be held next spring

SUBJECT: BLACKS (IN US); HOUSING; MORTGAGES; SAVINGS AND LOAN ASSNS; SAVINGS BANKS (MUTUAL); WOMEN; WOMEN'S LIBERATION MOVEMENT ;

ORGANIZATION: CIVIL LIBERTIES UNION, AMERICAN (ACLU); FEDERAL NATIONAL MORTGAGE ASSN (FNMA); HOUSING ADMINISTRATION, FEDERAL (FHA); WOMEN, NATIONAL ORGANIZATION FOR (NOW);

NAME: DULLEA, GEORGIA; MURRAY, JAMES E;

2ND STORY of Level 1 printed in FULL format.

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Banking Expansion Reporter

June 6, 1988

SECTION: GEOGRAPHIC EXPANSION; Volume 7, Number 11; Pg. 11

LENGTH: 1665 words

HEADLINE: Fed Approves NH-MA, RI-MA, PA-NJ, GA-FL Transactions

BODY:

Among recent interstate banking decisions by the Federal Reserve Board was the first approval under New Hampshire's recently effective regional reciprocal interstate banking law. This transaction and several others are summarized as follows.

Merrimack Bancorp, Inc., Lowell, Massachusetts, to acquire the successor by merger of Hillsborough Bank & Trust Company, Milford, New Hampshire; Approved April 5, 1988

	Merrimack	Hillsborough
Total deposits	\$ 219.3	\$ 20.9
	million	million
Percent of state's		
commercial bank		
deposits	1.0%(-)(MA)	1.0%(-)(NH)
Statewide rank	79th (MA)	61st (MA)

This transaction was the first acquisition of a New Hampshire banking organization under that state's recently effective regional reciprocal interstate banking law. The New Hampshire authorities found, as required by the law, that Massachusetts would allow New Hampshire banking organizations to acquire Massachusetts banking organizations. Accordingly, Massachusetts banking organizations could acquire New Hampshire banking organizations. The Board agreed that the transaction was specifically authorized by the statute laws of New Hampshire and thus not prohibited by the Douglas Amendment to the Bank Holding Company Act.

The transaction involved no direct competition. It did involve a request by Merrimack to be relieved from certain commitments relating to savings bank life insurance (SBLI). The commitments had been made in connection with the acquisition by Merrimack of Lowell Institution for Savings, Lowell, Massachusetts. The Board said that Merrimack met and would continue to meet all of the requirements set out by the Bank Holding Company Act as amended by the Competitive Equality Banking Act of 1987 for bank holding companies that desire to engage in SBLI activities through qualified savings bank subsidiaries. Therefore, the Board granted Merrimack's request to be relieved from the commitments.

SunTrust Banks, Inc., Atlanta, Georgia, to acquire Commercial Bank In Panama City, Panama City, Florida; Approved April 12, 1988

	SunTrust	Commercial
Total deposits	\$ 11.5(FL)	\$ 116.9
	billion	million
Percent of state's		